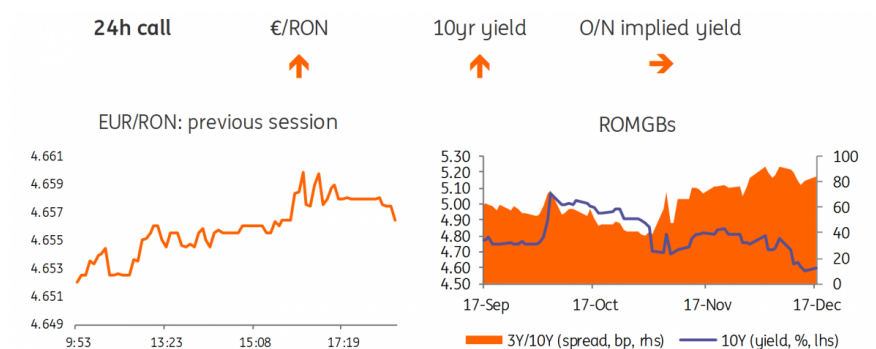


# Briefing Romania

## 3-year benchmark auction



Source: Reuters

### ↑ EUR/RON

After a supportive session for leu on Thursday, the EUR/RON resumed an upside trend on Friday and closed the day in the upper part of the 4.6500-4.6600 range. We expect the pair to stay around the current levels.

### ↑ Government bonds

While not maintaining the same pace of gains like previous days, the Romanian government bonds still managed to inch 3-4 basis points lower on Friday. Today, we have an October 2021 auction for RON 600 million. The tenor is usually in good demand from a broad range of investors,



though after the recent rally we could see a somewhat diminished enthusiasm. Nevertheless, we expect the target amount to be filled around secondary market mid-yield of 3.77%.

## ➔ Money Market

Cash rates remain at deposit facility these days with the surplus liquidity expected to be drained by the monthly budget payments on 21 and 24 December.

## The week ahead

For the week ahead we expect the Federal Reserve to raise rates 25 basis points on Wednesday and signal further rate hikes.

We currently expect three 25 basis point rate hikes in 2019, although acknowledge that the risks are probably skewed towards a more cautious tightening path from the Fed. In the Eurozone, consumer confidence has been on a declining trend all year, and the question is whether December will be the exception to that rule. Given general concerns about the economic environment, it's more likely that it will be in line with this year's trend. In Germany, the latest Ifo index will give a better picture of the underlying strength of the German economy. Another drop of all components would be a clear signal to further downgrade growth forecasts.

On the local front, we expect the EUR/RON to remain within the same 4.6500-4.6700 range for this week.

### EUR/RON forecasts and forwards

	4Q18	1Q19	2Q19	3Q19	4Q19
ING forecast	4.67	4.67	4.65	4.70	4.75
Forward rate	4.68	4.69	4.74	4.78	4.83

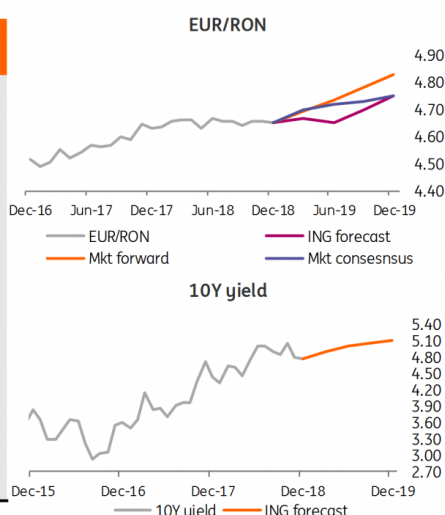
Source: Reuters, ING estimates

### Market radar

	Spot	%Ch		
		1D	1W	1M
EUR/RON	4.6570	0.0	0.2	-0.1
EUR/PLN	4.2903	-0.1	-0.1	-0.1
EUR/HUF	323.45	0.2	0.0	0.5
EUR/CZK	25.778	-0.2	-0.3	-0.9
RO 5Y CDS*	103.9	0.0	-0.2	5.0
ROBOR O/N*	168	-4.0	-37.0	-86.0
ROBOR 3M*	3.04	0.0	-4.0	-17.0
DAX	10865.8	-0.5	11	-4.0
S&P 500	2599.95	-19	-0.7	-4.2
DE 10Y*	0.26	-2.8	0.5	-10.1
US 10Y*	2.89	-2.2	4.1	-22.7
Gold (US\$)**	1238.1	-0.3	-0.8	2.1
Brent (US\$)**	60.3	-19	-2.3	-9.9

\*change in basis points; \*\*US\$ (data as at 06:28 GMT)

Source: Reuters, Bloomberg, ING





## Author

**Valentin Tataru**

Chief Economist, Romania

[valentin.tataru@ing.com](mailto:valentin.tataru@ing.com)

## Disclaimer

This publication has been prepared by the Economic and Financial Analysis Division of ING Bank N.V. ("ING") solely for information purposes without regard to any particular user's investment objectives, financial situation, or means. *ING forms part of ING Group (being for this purpose ING Group N.V. and its subsidiary and affiliated companies).* The information in the publication is not an investment recommendation and it is not investment, legal or tax advice or an offer or solicitation to purchase or sell any financial instrument. Reasonable care has been taken to ensure that this publication is not untrue or misleading when published, but ING does not represent that it is accurate or complete. ING does not accept any liability for any direct, indirect or consequential loss arising from any use of this publication. Unless otherwise stated, any views, forecasts, or estimates are solely those of the author(s), as of the date of the publication and are subject to change without notice.

The distribution of this publication may be restricted by law or regulation in different jurisdictions and persons into whose possession this publication comes should inform themselves about, and observe, such restrictions.

Copyright and database rights protection exists in this report and it may not be reproduced, distributed or published by any person for any purpose without the prior express consent of ING. All rights are reserved. ING Bank N.V. is authorised by the Dutch Central Bank and supervised by the European Central Bank (ECB), the Dutch Central Bank (DNB) and the Dutch Authority for the Financial Markets (AFM). ING Bank N.V. is incorporated in the Netherlands (Trade Register no. 33031431 Amsterdam). In the United Kingdom this information is approved and/or communicated by ING Bank N.V., London Branch. ING Bank N.V., London Branch is authorised by the Prudential Regulation Authority and is subject to regulation by the Financial Conduct Authority and limited regulation by the Prudential Regulation Authority. ING Bank N.V., London branch is registered in England (Registration number BR000341) at 8-10 Moorgate, London EC2 6DA. For US Investors: Any person wishing to discuss this report or effect transactions in any security discussed herein should contact ING Financial Markets LLC, which is a member of the NYSE, FINRA and SIPC and part of ING, and which has accepted responsibility for the distribution of this report in the United States under applicable requirements.

Additional information is available on request. For more information about ING Group, please visit <http://www.ing.com>.